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GAMBLING IN AUSTRALIA

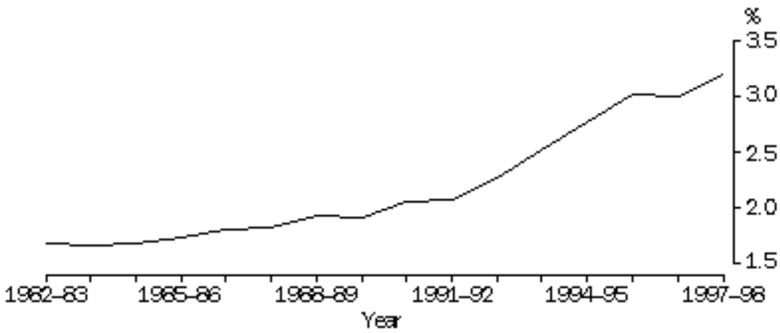
INTRODUCTION

Gambling activity in Australia has grown enormously during the nineties. Recent ABS data revealed that expenditure on legalised gambling exceeded $11b in 1997-98. During the decade, poker/gaming machines have infiltrated pubs and clubs in all States and Territories, with the exception of Western Australia, to the extent that they are perhaps the most topical and visible form of gambling today. Each State and Territory now has at least one casino operating within its jurisdiction, while new innovations such as phone and Internet betting seek to maximise gambling opportunities for the public.

Gambling's share of household income

Associated with the expansion in the availability of gambling opportunities has been an increase in the proportion of household disposable income devoted to gambling. As shown in graph S9.1, gambling expenditure as a proportion of household disposable income has nearly doubled, from 1.7% in 1982-83 to 3.2% in 1997-98, most of the increase occurring in the early to mid nineties, coinciding with the expansion of poker machines in Victoria, Queensland and South Australia and the introduction of casinos in most States.

S9.1 GAMBLING EXPENDITURE, Proportion of Household Disposable Income—1982–83 to 1997–98



Source: *Tasmanian Gaming Commission, Australian Gambling Statistics, 1972–73 to 1997–98.*

This rapid growth in gambling expenditure has caused much concern among some community groups and sparked a great deal of public debate.

Gambling as an industry

The provision of gambling services is now a major industry in Australia. An ABS survey of businesses showed that at June 1998 there were 7,072 businesses involved in the provision of gambling services, an increase of 9% since June 1995. As shown in table S9.2, the number of pubs, taverns and bars businesses offering gambling services increased by 24% in the three year

period to June 1998, while the number of clubs providing such services increased by 12% to 2,408 businesses. These large increases were offset by falls in the number of casinos (from 14 to 13), and in the number of businesses operating lotteries or providing lottery agency services (by almost 25% from 178 in 1995-95 to 134 in 1997-98). The number of businesses providing other gambling services, such as bookmakers and TAB agencies, fell by 12% in the same period.

S9.2 BUSINESSES WITH GAMBLING ACTIVITY, By Industry - 1994-95 and 1997-98

	1994-95 no.	1997-98 no.	Change %
Pubs, taverns and bars	2,397	2,888	24.1
Clubs (hospitality)	2,144	2,408	12.3
Casinos	14	13	-7.1
Lotteries	178	134	-24.7
Gambling services n.e.c.	1,849	1,629	-11.9
Total	**6,512**	**7,072**	**8.6**

Source: Gambling Industries, Australia 1997-98 (8684.0).

The 7,072 businesses providing gambling services had a total income from gambling of $11,091m in 1997-98. This represented an increase of 42% in gambling income since 1994-95, an average annual increase of just over 12%. Poker/gaming machines were the major source of gambling income in 1997-98, accounting for $6,401m or 58% of all gambling income (table S9.3). This represented an annual increase of 17% over the three year period from 1994-95

While takings from poker/gaming machines for 1997-98 were highest in clubs ($3,595m), the greatest percentage increase in takings from poker/gaming machines since 1994-95 occurred in casinos (104%) and pubs, taverns, and bars (113%).

S9.3 GAMBLING INCOME, By Type of Gambling and Venue

	1994-95		1997-98		Change
	$m	%	$m	%	%
Poker/gaming machines					
Clubs	2,610	33.4	3,595	32.4	37.2
Pubs, taverns and bars	990.3	12.6	2,105.7	19.0	112.6
Casinos	343.6	4.4	700.1	6.3	103.8
Total	3,954.9	50.5	6,400.8	57.7	61.8
On-course totalisator	129.6	1.7	129.4	1.2	-0.2

Off-course TAB					
Thoroughbred, harness and greyhound betting	n.a.	. .	1,416.5	12.8	. .
Other gambling	n.a.	. .	13.1	0.1	. .
Total	1,327.2	16.9	1,429.7	12.9	7.7
Bookmakers					
Thoroughbred, harness and greyhound betting	n.a.	. .	54.3	0.5	. .
Other gambling	n.a.	. .	10.3	0.1	. .
Total	44.2	0.6	64.5	0.6	45.9
Lotteries, lotto style games, football pools, instant money and club keno	—	—	—	—	—
Lotteries, lotto style games and football pools	n.a.	. .	1,179.1	10.6	. .
Instant money	n.a.	. .	246.4	2.2	. .
Club keno	n.a.	. .	175.7	1.6	. .
Total	1,344.6	17.2	1,601.3	14.4	19.1
Casino keno	25.5	0.3	33.4	0.3	31.0
Casino gaming tables	1,012.7	12.9	1,431.6	12.9	41.4
Total	**7,838.7**	**100.0**	**11,090.7**	**100.0**	**41.5**

Source: Gambling Industries, Australia, 1997-98 (8684.0).

The spectacular increase in income from poker/gaming machines did not appear to occur at the expense of other forms of gambling. Takings from gaming tables in casinos increased by 41% in the period 1994-95 to 1997-98 to $1,432m. In the same period, off-course TAB sales increased by 8% to $1,430m and takings from lotteries, lotto style games and football pools increased by 19%. Only the on-course totalisator sector experienced a decline in gambling revenue in this period, of only 0.2%.

The gambling-related industries (including clubs, pubs, taverns and bars with gaming facilities) employed 156,893 persons at the end of June 1998, which represented an increase of 17% since 1995. They recorded an operating profit before tax of $1,536m for the financial year 1997-98 .

The social issues

The income of the gambling industry is largely generated by the gambling habits and losses of the adult population of Australia. As shown in table S9.4, the total estimated losses from gambling in 1997-98 equated to a loss of $819 for every adult in Australia. New South Wales (a loss of $963 per adult) and Victoria ($921 per adult) were well above the Australian average. Next to

Tasmania, the lowest average expenditure occurred in Western Australia ($528 per adult), reflecting the fact that Western Australia was the only State without poker/gaming machines in clubs, pubs, taverns and bars.

S9.4 GAMBLING EXPENDITURE, Per Head of Adult Population - 1997-98

State and Territory	Poker/gaming machines(a) $	Casino(a) $	Racing $	Lotteries, lotto, pools, keno etc. $	Total $
New South Wales	636.00	94.90	134.60	97.70	963.20
Victoria	493.30	214.00	124.90	88.80	921.00
Queensland	239.60	186.60	113.30	154.80	694.30
South Australia	351.40	67.80	92.90	105.10	617.20
Western Australia	0.00	270.80	111.90	144.80	527.50
Tasmania	68.00	217.40	90.10	132.20	507.70
Northern Territory	153.00	367.60	223.70	117.20	861.50
Australian Capital Territory	555.30	75.50	91.50	75.30	797.60
Australia	**424.10**	**161.40**	**121.70**	**111.60**	**818.80**

(a) Expenditure on gaming machines located in casinos are recorded as expenditure in Casino for these statistics.

Source: Tasmanian Gaming Commission, Australian Gambling Statistics 1972-73 to 1997-98.

As gambling activity steadily increased in the nineties, so too did debate concerning the potential social costs of excessive gambling. In 1998 the Productivity Commission commenced a broad investigation into the gambling industry. The draft report of this investigation was released in July 1999 for further submissions and comment. Key findings of the draft report included the observation that gambling provides some enjoyment to most Australians, with over 80% indulging in gambling activities at some stage in the previous year. However, it also found that around 330,000 Australians (2.3% of the adult population) had significant gambling problems, with 140,000 experiencing severe problems. The report estimates that the 330,000 problem gamblers on average lost nearly $12,000 per year from gambling activity. The costs of gambling are not only financial, with many problem gamblers experiencing emotional difficulties - one in ten problem gamblers said that they had contemplated suicide because of gambling. Importantly, the Commission found that the prevalence of problem gambling is directly related to the degree of accessibility of gambling, particularly poker/gaming machines.

The Productivity Commission inquiry found evidence that low income people on average spend a higher proportion of their incomes on poker/gaming machines. However, results were mixed on whether poker/gaming machines are concentrated in low income local government areas (LGAs). Only in some areas of Victoria was there a strong inverse relationship between average income levels and the density of gaming machines (i.e. the lower the average income of people in the

LGA, the greater the number of gaming machines).

It would be simplistic to conclude that the increase of gambling activity and problem gambling is solely attributable to the proliferation of poker/gaming machines. However it seems clear that the gambling industry is heavily reliant on expenditure by what could be described as the 'average punter', not the so-called 'high-rollers' - especially considering the large number of gambling activities available in pubs and clubs. Clubs, pubs, taverns and bars with gambling facilities increased expenditure on advertising, marketing and promotion from an average of $21,494 per business in 1994-95 to $63,501 in 1997-98, and this may have assisted in attracting a new type of patron to these businesses, and hence to the gambling industry.

Gambling as a source of tax revenue

Key stakeholders in the gambling industry include the State Governments. In 1997-98 businesses providing gambling services paid $3,833m in gambling taxes and levies (table S9.5). This represented 34% of total gambling expenditure. Poker/gaming machines and keno contributed $1,786m (47% of the total) in gambling taxes and levies in 1997-98, easily the largest form of gambling taxation revenue for government. Lotteries, lotto style games, football pools and instant money sales generated $1,004m in taxes to government in the 1997-98 financial year.

S9.5 GAMBLING TAXES AND LEVIES, By Type of Gambling - 1997-98

Type of gambling	$m
Poker/gaming machines and keno	1,785.7
TAB/totalisator	553.8
Bookmakers	21.6
Lotteries, lotto style games and football pools	1,003.8
Casinos(a)	459.8
Minor gaming	8.5
Total	**3,833.2**

(a) Includes taxes on poker machines located in casinos.

Source: Tasmanian Gaming Commission, Australian Gambling Statistics 1972-73 to 1997-98.

References

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